



## BRAND PERFORMANCE CHECK

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KTC Unlimited AG

PUBLICATION DATE: DECEMBER 2019

this report covers the evaluation period 01-05-2018 to 30-04-2019

## ABOUT THE BRAND PERFORMANCE CHECK

Fair Wear Foundation believes that improving conditions for apparel product location workers requires change at many levels. Traditional efforts to improve conditions focus primarily on the product location. FWF, however, believes that the management decisions of clothing brands have an enormous influence for good or ill on product location conditions.

FWF's Brand Performance Check is a tool to evaluate and report on the activities of FWF's member companies. The Checks examine how member company management systems support FWF's Code of Labour Practices. They evaluate the parts of member company supply chains where clothing is assembled. This is the most labour intensive part of garment supply chains, and where brands can have the most influence over working conditions.

In most apparel supply chains, clothing brands do not own product locations, and most product locations work for many different brands. This means that in most cases FWF member companies have influence, but not direct control, over working conditions. As a result, the Brand Performance Checks focus primarily on verifying the efforts of member companies. Outcomes at the product location level are assessed via audits and complaint reports, however the complexity of the supply chains means that even the best efforts of FWF member companies cannot guarantee results.

Even if outcomes at the product location level cannot be guaranteed, the importance of good management practices by member companies cannot be understated. Even one concerned customer at a product location can have significant positive impacts on a range of issues like health and safety conditions or freedom of association. And if one customer at a product location can demonstrate that improvements are possible, other customers no longer have an excuse not to act. The development and sharing of these types of best practices has long been a core part of FWF's work.

The Brand Performance Check system is designed to accommodate the range of structures and strengths that different companies have, and reflects the different ways that brands can support better working conditions.

This report is based on interviews with member company employees who play important roles in the management of supply chains, and a variety of documentation sources, financial records, supplier data. The findings from the Brand Performance Check are summarized and published at [www.fairwear.org](http://www.fairwear.org). The online [Brand Performance Check Guide](#) provides more information about the indicators.

# BRAND PERFORMANCE CHECK OVERVIEW

KTC Unlimited AG

Evaluation Period: 01-05-2018 to 30-04-2019

MEMBER COMPANY INFORMATION	
Headquarters:	Rotkreuz, Switzerland
Member since:	15-08-2011
Product types:	Sportswear
Production in countries where FWF is active:	China
Production in other countries:	Germany
BASIC REQUIREMENTS	
Workplan and projected production location data for upcoming year have been submitted?	Yes
Actual production location data for evaluation period was submitted?	Yes
Membership fee has been paid?	Yes
SCORING OVERVIEW	
% of own production under monitoring	99%
Benchmarking score	79
Category	Leader

## Summary:

In the past financial year, KTC has shown advanced results on performance indicators and has made good progress. With 99% of its supply chain under monitoring, meeting the requirements for FWF members in the third+ year of membership, and a benchmarking score of 79, KTC has achieved leader status.

All of the brand's production comes from one supplier in China (owned by the same holding company) and a small portion of accessories from a supplier in Germany. That apart, the brand has established a direct connection between the brand and production location with the positions of Chairman of the brand and Managing Director of the supplier, and Head of CSR of brand and factory being managed by the same people. This setup creates a direct link between brand and supplier both at leadership and compliance team levels and facilitates full transparency, extended leverage and an inherent commitment to improving conditions in the supply chain. That apart, having a team at the production location facilitates the brand to be aware of working conditions and also take preventive measures where needed.

The brand reviewed audit findings pertaining to living wages, did an analysis on wage levels at the factory and concluded that the wages are not in the lower range in comparison to the local wage levels. The brand is yet to set a target wage and develop a strategy to finance wage increases at the supplier location.

FWF encourages the brand to continue working on findings pertaining to overtime and also explore opportunities to work on wage increases at the supplier location. As the supplier is based in Guangdong province where this is no living wage benchmark published by authorities, FWF recommends that the brand uses the Asia Floor Wage benchmark as a reference to set a target wage.

## PERFORMANCE CATEGORY OVERVIEW

**Leader:** This category is for member companies who are doing exceptionally well, and are operating at an advanced level. Leaders show best practices in complex areas such as living wages and freedom of association.

**Good:** It is FWF's belief that member companies who are making a serious effort to implement the Code of Labour Practices—the vast majority of FWF member companies—are 'doing good' and deserve to be recognized as such. They are also doing more than the average clothing company, and have allowed their internal processes to be examined and publicly reported on by an independent NGO. The majority of member companies will receive a 'Good' rating.

**Needs Improvement:** Member companies are most likely to find themselves in this category when major unexpected problems have arisen, or if they are unable or unwilling to seriously work towards CoLP implementation. Member companies may be in this category for one year only after which they should either move up to Good, or will be moved to suspended.

**Suspended:** Member companies who either fail to meet one of the Basic Requirements, have had major internal changes which means membership must be put on hold for a maximum of one year, or have been in Needs Improvement for more than one year. Member companies may remain in this category for one year maximum, after which termination proceedings will come into force.

Categories are calculated based on a combination of benchmarking score and the percentage of own production under monitoring. The specific requirements for each category are outlined in the Brand Performance Check Guide.

## 1. PURCHASING PRACTICES

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
1.1a Percentage of production volume from production locations where member company buys at least 10% of production capacity.	100%	Member companies with less than 10% of a production location's production capacity generally have limited influence on production location managers to make changes.	Supplier information provided by member company.	4	4	0

**Comment:** KTC Unlimited has a small portion of accessories is sourced from a supplier in Germany. The remaining 99% of the brand's total FOB is sourced from one production location in China, owned by the same holding company. Even though the 99% FOB volume represents only 5% of the total production capacity of the production location, Fair Wear has decided to award full points for the following reasons:

The brand has exhausted all options for increasing leverage given that they work with a single supplier where the nearly total purchasing volume is placed. Furthermore, the brand has established a direct management system between the company brand level and the production location with the positions of Chairman of the brand and Managing Director of the supplier, and Head of CSR of brand and factory being managed by the same people. This setup creates a direct link between brand and supplier both at leadership and compliance team levels and facilitates full transparency, extended leverage and an inherent commitment to improving conditions in the supply chain.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
1.1b Percentage of production volume from production locations where member company buys less than 2% of its total FOB.	0.6%	FWF provides incentives to clothing brands to consolidate their supplier base, especially at the tail end, as much as possible, and rewards those members who have a small tail end. Shortening the tail end reduces social compliance risks and enhances the impact of efficient use of capital and remediation efforts.	Production location information as provided to FWF.	4	4	0

**Comment:** Accessories that are not within the manufacturing scope of the main supplier are sourced from one other supplier in Germany.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
1.2 Percentage of production volume from production locations where a business relationship has existed for at least five years.	100%	Stable business relationships support most aspects of the Code of Labour Practices, and give production locations a reason to invest in improving working conditions.	Supplier information provided by member company.	4	4	0

Comment: The brand continues its long-term relationship with its main supplier in China, where it has a close partnership for more than ten years.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
1.3 All (new) production locations are required to sign and return the questionnaire with the Code of Labour Practices before first bulk orders are placed.	2nd years + member and no new production locations selected	The CoLP is the foundation of all work between production locations and brands, and the first step in developing a commitment to improvements.	Signed CoLPs are on file.	N/A	2	0

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
1.4 Member company conducts human rights due diligence at all (new) production locations before placing orders.	Advanced	Due diligence helps to identify, prevent and mitigate potential human rights problems at suppliers.	Documentation may include pre-audits, existing audits, other types of risk assessments.	4	4	0

**Comment:** All of the brand's production comes from one supplier in China (owned by the same holding company) and a small portion of accessories from a supplier in Germany. That apart, the brand has established a direct connection between the brand and production location with the positions of Chairman of the brand and Managing Director of the supplier, and Head of CSR of brand and factory being managed by the same people. This setup creates a direct link between brand and the supplier both at leadership and compliance team levels and facilitates full transparency, extended leverage and an inherent commitment to improving conditions in the supply chain.

The factory team stays updated on changes to labour laws and local compliance requirements by notifications received from government departments. That apart, having a team at the production location facilitates the brand to be aware of working conditions and also take preventive measures where needed.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
1.5 Production location compliance with Code of Labour Practices is evaluated in a systematic manner.	Yes, and leads to production decisions	A systemic approach is required to integrate social compliance into normal business processes, and supports good decisionmaking.	Documentation of systemic approach: rating systems, checklists, databases, etc.	2	2	0

**Comment:** Given the brand's direct presence in the factory, compliance is evaluated on an almost daily basis (informally) and systematically.

**Recommendation:** FWF recommends the member hold a formal evaluation once a year to track challenges and successes in the implementation of the Code of Labour Practices. Such top-level, periodic evaluation can support the brand to gain a holistic insight into areas where teams need support or inform the brand on aspects pertaining to resource allocation.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
1.6 The member company's production planning systems support reasonable working hours.	Strong, integrated systems in place.	Member company production planning systems can have a significant impact on the levels of excessive overtime at production locations.	Documentation of robust planning systems.	4	4	0



**Comment:** Given the supply chain set-up, the brand can analyse its direct impact on working hours and also contribute to better production planning at the production location by discussing and distributing/ grouping production in a manner that achieves maximum optimization for the supplier. That apart, the supplier also follows a format of production planning where production timetable/ schedule needs to be agreed in advance and orders confirmed to block capacity. The capacity is blocked on a first-come, first-served basis. The brand provides this timetable by back calculating considering the presentation date, salesman sample dates, in-store dates given by sales team etc. That apart, the brand has an experienced design and buying team, which limits the need for changes. The integrated structure and direct link with the supplier through shared teams allow for quick and timely decision making.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
1.7 Degree to which member company mitigates root causes of excessive overtime.	Advanced efforts	Some production delays are outside of the control of member companies; however there are a number of steps that can be taken to address production delays without resorting to excessive overtime.	Evidence of how member responds to excessive overtime and strategies that help reduce the risk of excessive overtime, such as: root cause analysis, reports, correspondence with factories, etc.	6	6	0

**Comment:** FWF audit reports indicate the presence of overtime at the supplier. The brand and supplier identified that aspects related to the complexity of the process/ material (e.g. the material is not able to withstand a particular process) and fluctuations between forecasted volume and the actual volume of the order, contribute to overtime. On its part the brand tries to take the following measures:

- 1) In production planning, includes time for queuing of certain styles/ wait that might be needed
- 2) Moved development process and style signoff dates to the earliest time possible

At the same time, the brand acknowledges that the supplier as part of its sustainable practices does not sub-contract or have a temporary workforce and cannot plan for below capacity for financial reasons as well as owing to the fact that insufficient work/ idle time will result in workers leaving the factory.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
1.8 Member company can demonstrate the link between its buying prices and wage levels in production locations.	Advanced	Understanding the labour component of buying prices is an essential first step for member companies towards ensuring the payment of minimum wages – and towards the implementation of living wages.	Interviews with production staff, documents related to member's pricing policy and system, buying contracts.	4	4	0

Comment: Given the supply chain set-up, the brand has detailed insight into the price and cost breakdown of all products, working minutes required and labor cost of the supplier. Having complete transparency allows the brand to ensure that at the least minimum wages are covered.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
1.9 Member company actively responds if production locations fail to pay legal minimum wages and/or fail to provide wage data to verify minimum wage is paid.	No problems reported/no audits	If a supplier fails to pay minimum wage or minimum wage payments cannot be verified, FWF member companies are expected to hold management of the supplier accountable for respecting local labour law. Payment below minimum wage must be remediated urgently.	Complaint reports, CAPs, additional emails, FWF Audit Reports or additional monitoring visits by a FWF auditor, or other documents that show minimum wage issue is reported/resolved.	N/A	0	-2

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
1.10 Evidence of late payments to suppliers by member company.	No	Late payments to suppliers can have a negative impact on production locations and their ability to pay workers on time. Most garment workers have minimal savings, and even a brief delay in payments can cause serious problems.	Based on a complaint or audit report; review of production location and member company financial documents.	0	0	-1

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
1.11 Degree to which member company assesses and responds to root causes for wages that are lower than living wages in production locations.	Advanced	Assessing the root causes for wages lower than living wages will determine what strategies/interventions are needed for increasing wages, which will result in a systemic approach	Evidence of how payment below living wage was addressed, such as: Internal policy and strategy documents, reports, correspondence with factories, etc	6	6	0

**Comment:** The brand and supplier did a wage analysis and concluded that the Anker living wage estimates are not relevant given the geographic location of the factory. The brand and supplier collected data on average wages in the city (across industries) and did a comparison with the average wage levels at the factory. The brand and supplier concluded that the wages are not in the lower range in comparison to the local wage levels. At this point, the brand and supplier does not see that it is immediately possible to significantly increase wages at this factory.

**Recommendation:** FWF encourages the brand to discuss with the supplier about different strategies to work towards higher wages.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
1.12 Percentage of production volume from factories owned by the member company (bonus indicator).	None	Owning a supplier increases the accountability and reduces the risk of unexpected CoLP violations. Given these advantages, this is a bonus indicator. Extra points are possible, but the indicator will not negatively affect an member company's score.	Supplier information provided by member company.	N/A	2	0

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
1.13 Member company determines and finances wage increases	None	Assessing the root causes for wages lower than living wages will determine what strategies/interventions are needed for increasing wages, which will result in a systemic approach.	Evidence of how payment below living wage was addressed, such as: internal policy and strategy documents, reports, correspondence with factories, etc.	0	4	0

**Comment:** The brand is yet to set a target wage and develop a strategy to finance wage increases at the supplier location.

**Requirement:** The brand should analyse what is needed to increase wages and develop a strategy to finance the costs of wage increases.

**Recommendation:** As the supplier is based in Guangdong province where this is no living wage benchmark published by authorities, FWF recommends that the brand uses the Asia Floor Wage benchmark as a reference to set a target wage.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
1.14 Percentage of production volume where the member company pays its share of the target wage	0%	FWF member companies are challenged to adopt approaches that absorb the extra costs of increasing wages.	Member company's own documentation, evidence of target wage implementation, such as wage reports, factory documentation, communication with factories, etc.	0	3	0

Comment: The brand is yet to set a target wage and develop a strategy to finance wage increases at the supplier location.

## PURCHASING PRACTICES

Possible Points: 45

Earned Points: 38

## 2. MONITORING AND REMEDIATION

BASIC MEASUREMENTS	RESULT	COMMENTS
% of own production under standard monitoring (excluding low-risk countries)	99%	
% of production volume where monitoring requirements for low-risk countries are fulfilled	0%	To be counted towards the monitoring threshold. FWF low-risk policy should be implemented. See indicator 2.9. (N/A = no production in low risk countries.)
Meets monitoring requirements for tail-end production locations.	Yes	
Requirement(s) for next performance check		
Total of own production under monitoring	99%	Measured as percentage of production volume (Minimums: 1 year: 40%; 2 years 60%; 3 years+: 80-100%)

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
2.1 Specific staff person is designated to follow up on problems identified by monitoring system	Yes	Followup is a serious part of FWF membership, and cannot be successfully managed on an ad-hoc basis.	Manuals, emails, etc., demonstrating who the designated staff person is.	2	2	-2

Comment: The head of CSR is designated to follow up on problems identified by monitoring system.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
2.2 Quality of own auditing system meets FWF standards.	Member makes use of FWF audits and/or external audits only	In case FWF teams cannot be used, the member companies' own auditing system must ensure sufficient quality in order for FWF to approve the auditing system.	Information on audit methodology.	N/A	0	-1

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
2.3 Audit Report and Corrective Action Plan (CAP) findings are shared with factory and worker representation where applicable. Improvement timelines are established in a timely manner.	Yes	2 part indicator: FWF audit reports were shared and discussed with suppliers within two months of audit receipt AND a reasonable time frame was specified for resolving findings.	Corrective Action Plans, emails; findings of followup audits; brand representative present during audit exit meeting, etc.	2	2	-1

**Comment:** With the Head of CSR being based at the production location and also being the Head of CSR for the supplier, the Audit Report and Corrective Action Plan (CAP) findings are shared and discussed with the concerned at the factory.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
2.4 Degree of progress towards resolution of existing Corrective Action Plans and remediation of identified problems.	Intermediate	FWF considers efforts to resolve CAPs to be one of the most important things that member companies can do towards improving working conditions.	CAP-related documentation including status of findings, documentation of remediation and follow up actions taken by member. Reports of quality assessments. Evidence of understanding relevant issues.	6	8	-2

**Comment:** The main audit findings related to awareness of workers on code of labour practices, worker complaints pertaining to the food provided, living wages and social contribution, worker representation and overtime. The brand actively followed-up on the audit findings, discussed the root causes and addressed issues where feasible. Some issues are yet to be remediated.

**Recommendation:** It is advised to include worker representation in the remediation process. Either to engage workers in identifying and implementing improvements or to verify realised improvements.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
2.5 Percentage of production volume from production locations that have been visited by the member company in the previous financial year.	99.3%	Formal audits should be augmented by annual visits by member company staff or local representatives. They reinforce to production location managers that member companies are serious about implementing the Code of Labour Practices.	Member companies should document all production location visits with at least the date and name of the visitor.	4	4	0

Comment: The positions of Chairman of the brand and Managing Director of the supplier, and Head of CSR of brand and factory are managed by the same people respectively, who are based at the supplier location.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
2.6 Existing audit reports from other sources are collected.	No existing reports/all audits by FWF or FWF member company	Existing reports form a basis for understanding the issues and strengths of a supplier, and reduces duplicative work.	Audit reports are on file; evidence of followup on prior CAPs. Reports of quality assessments.	N/A	3	0



PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
2.7 Compliance with FWF risk policies.	Advanced result on all relevant policies	Aside from regular monitoring and remediation requirements under FWF membership, countries, specific areas within countries or specific product groups may pose specific risks that require additional steps to address and remediate those risks. FWF requires member companies to be aware of those risks and implement policy requirements as prescribed by FWF.	Policy documents, inspection reports, evidence of cooperation with other customers sourcing at the same factories, reports of meetings with suppliers, reports of additional activities and/or attendance lists as mentioned in policy documents.	6	6	-2
Compliance with FWF enhanced monitoring programme Bangladesh	Policies are not relevant to the company's supply chain			N/A	6	-2
Compliance with FWF Myanmar policy	Policies are not relevant to the company's supply chain			N/A	6	-2
Compliance with FWF guidance on abrasive blasting	Policies are not relevant to the company's supply chain			N/A	6	-2
Compliance with FWF guidance on risks related to Turkish garment factories employing Syrian refugees	Policies are not relevant to the company's supply chain			N/A	6	-2
Other risks specific to the member's supply chain are addressed by its monitoring system	Advanced			6	6	-2

**Comment:** In terms of risks related to production in China, the brand and CSR staff actively present in the factory focus on and address day-to-day issues. The brand has not identified any specific areas of risk for the production location. The factory team (also the brand CSR team) is updated on changes to labour laws and local compliance requirements by notifications received from government departments. With reference to freedom of association, the brand and supplier do not want to interfere in the process. That apart, the brand also feels that workers are disinterested in training and awareness programmes and hence has not explored involving them in the context of risk mitigation.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
2.8 Member company cooperates with other FWF member companies in resolving corrective actions at shared suppliers.	Active cooperation	Cooperation between customers increases leverage and chances of successful outcomes. Cooperation also reduces the chances of a factory having to conduct multiple Corrective Action Plans about the same issue with multiple customers.	Shared CAPs, evidence of cooperation with other customers.	2	2	-1

**Comment:** The brand works closely with two other FWF members to resolve audit findings at the supplier location. The brands discuss and keep each other updated using group emails and when needed, organize a call.

**Recommendation:** FWF recommends members to document status of joint follow-up actions. Even though one brand commonly takes the lead it is important to be kept informed of the status in order to be aware of required implementation steps before communication with or visits to the factory.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
2.9 Percentage of production volume where monitoring requirements for low-risk countries are fulfilled.	50-100%	Low-risk countries are determined by the presence and proper functioning of institutions which can guarantee compliance with national and international standards and laws. FWF has defined minimum monitoring requirements for production locations in low-risk countries.	Documentation of visits, notification of suppliers of FWF membership; posting of worker information sheets, completed questionnaires.	2	3	0

**Comment:** The brand has one accessories supplier in Germany. The brand has not shared the worker information sheet or visited the supplier recently.

**Requirement:** Monitoring requirements need to be fulfilled for production in low-risk countries in order for it to be counted towards the monitoring threshold. All production sites in low-risk countries must:

- Ensure up to date information on the labour conditions in the location either by a regular visit and/or a report by a third party;
- Be informed of FWF membership and return the completed CoLP questionnaire before production orders are placed;
- Be aware of specific risks identified by FWF;
- Have the FWF Worker Information Sheet posted in local languages

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
2.10 Extra bonus indicator: in case FWF member company conducts full audits at tail-end production locations (when the minimum required monitoring threshold is met).	No	FWF encourages its members to monitor 100% of its production locations and rewards those members who conduct full audits above the minimum required monitoring threshold.	Production location information as provided to FWF and recent Audit Reports.	N/A	2	0

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
2.11 Questionnaire is sent and information is collected from external brands resold by the member company.	No external brands resold	FWF believes it is important for affiliates that have a retail/wholesale arm to at least know if the brands they resell are members of FWF or a similar organisation, and in which countries those brands produce goods.	Questionnaires are on file.	N/A	2	0

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
2.12 External brands resold by member companies that are members of another credible initiative (% of external sales volume).	No external brands resold	FWF believes members who resell products should be rewarded for choosing to sell external brands who also take their supply chain responsibilities seriously and are open about in which countries they produce goods.	External production data in FWF's information management system. Documentation of sales volumes of products made by FWF or FLA members.	N/A	3	0

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
2.13 Questionnaire is sent and information is collected from licensees.	No licensees	FWF believes it is important for member companies to know if the licensee is committed to the implementation of the same labour standards and has a monitoring system in place.	Questionnaires are on file. Contracts with licensees.	N/A	1	0

## MONITORING AND REMEDIATION

Possible Points: 27

Earned Points: 24

### 3. COMPLAINTS HANDLING

BASIC MEASUREMENTS	RESULT	COMMENTS
Number of worker complaints received since last check	0	At this point, FWF considers a high number of complaints as a positive indicator, as it shows that workers are aware of and making use of the complaints system.
Number of worker complaints in process of being resolved	0	
Number of worker complaints resolved since last check	0	

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
3.1 A specific employee has been designated to address worker complaints	Yes	Followup is a serious part of FWF membership, and cannot be successfully managed on an ad-hoc basis.	Manuals, emails, etc., demonstrating who the designated staff person is.	1	1	-1

Comment: The head of CSR is designated to follow up on problems identified by monitoring system.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
3.2 Member company has informed factory management and workers about the FWF CoLP and complaints hotline.	Yes	Informing both management and workers about the FWF Code of Labour Practices and complaints hotline is a first step in alerting workers to their rights. The Worker Information Sheet is a tool to do this and should be visibly posted at all production locations.	Photos by company staff, audit reports, checklists from production location visits, etc.	2	2	-2

Comment: A recent FWF audit indicated that the FWF CoLP posted currently in factory is not the most updated version.

**Requirement:** The member must ensure that the correct Worker Information Sheet, including contact information of the local complaints handler of FWF, is posted in factories in a location that is accessible to all workers.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
3.3 Degree to which member company has actively raised awareness of the FWF CoLP and complaints hotline.	0%	After informing workers and management of the FWF CoLP and the complaints hotline, additional awareness raising and training is needed to ensure sustainable improvements and structural worker-management dialogue.	Training reports, FWF's data on factories enrolled in the WEP basic module. For alternative training activities: curriculum, training content, participation and outcomes.	0	6	0

Comment: A recent FWF audit indicated that workers are not aware of FWF CoLP and complaints hotline.

Requirement: FWF requires members to actively raise awareness about the FWF Code of Labour Practices and FWF complaint hotline. The member should ensure good quality systematic training of workers and management on these topics. To this end members can either use FWF's Workplace Education Programme (WEP) basic module, or implement training related to the FWF CoLP and complaint hotline through service providers or brand staff.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
3.4 All complaints received from production location workers are addressed in accordance with the FWF Complaints Procedure	No complaints received	Providing access to remedy when problems arise is a key element of responsible supply chain management. Member company involvement is often essential to resolving issues.	Documentation that member company has completed all required steps in the complaints handling process.	N/A	6	-2

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
3.5 Cooperation with other customers in addressing worker complaints at shared suppliers	No complaints or cooperation not possible / necessary	Because most production locations supply several customers with products, involvement of other customers by the FWF member company can be critical in resolving a complaint at a supplier.	Documentation of joint efforts, e.g. emails, sharing of complaint data, etc.	N/A	2	0

## COMPLAINTS HANDLING

Possible Points: 9

Earned Points: 3

## 4. TRAINING AND CAPACITY BUILDING

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
4.1 All staff at member company are made aware of FWF membership.	Yes	Preventing and remediating problems often requires the involvement of many different departments; making all staff aware of FWF membership requirements helps to support cross-departmental collaboration when needed.	Emails, trainings, presentation, newsletters, etc.	1	1	0

**Comment:** Given that the brand has a small team, the staff are informed about FWF membership through emails and meetings.

**Recommendation:** It is advised to develop a standard procedure for all new employees to get familiar with FWF membership. FWF has material available that can be used to inform (sales) staff.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
4.2 All staff in direct contact with suppliers are informed of FWF requirements.	Yes	Sourcing, purchasing and CSR staff at a minimum should possess the knowledge necessary to implement FWF requirements and advocate for change within their organisations.	FWF Seminars or equivalent trainings provided; presentations, curricula, etc.	2	2	-1

**Comment:** Given that the brand and supplier staff are the same for CSR and management, they are informed of FWF requirements.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
4.3 All sourcing contractors/agents are informed about FWF's Code of Labour Practices.	Member does not use agents/contractors	Agents have the potential to either support or disrupt CoLP implementation. It is the responsibility of member company to ensure agents actively support the implementation of the CoLP.	Correspondence with agents, trainings for agents, FWF audit findings.	N/A	2	0



PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
4.4 Factory participation in training programmes that support transformative processes related to human rights.	0%	Complex human rights issues such as freedom of association or gender-based violence require more in-depth trainings that support factory-level transformative processes. FWF has developed several modules, however, other (member-led) programmes may also count.	Training reports, FWF's data on factories enrolled in training programmes. For alternative training activities: curriculum, training content, participation and outcomes.	0	6	0

**Comment:** The brand has not enrolled its production location in training programmes that support transformative processes related to human rights.

**Recommendation:** FWF recommends members to implement training programmes that support factory-level transformation such as establishing functional internal grievance mechanisms, improving worker-management dialogue and communication skills or addressing gender-based violence. Training assessed under this indicator should go beyond raising awareness and focus on behavioural change and long-term structures to improve working conditions. To this end, members can make use of FWF's Workplace Education Programme communication or violence prevention module or implement advanced training through service providers or brand staff. FWF guidance on good quality training is available on the Member Hub.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
4.5 Degree to which member company follows up after a training programme.	No training programmes have been conducted or member produces solely in low-risk countries	After factory-level training programmes, complementary activities such as remediation and changes on brand level will achieve a lasting impact.	Documentation of discussions with factory management and worker representatives, minutes of regular worker-management dialogue meetings or anti-harassment committees.	N/A	2	0

## TRAINING AND CAPACITY BUILDING

Possible Points: 9

Earned Points: 3

### Additional comments on Training and Capacity Building:

The brand shared that workers are not interested in participating in training programmes.

## 5. INFORMATION MANAGEMENT

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
5.1 Level of effort to identify all production locations	Advanced	Any improvements to supply chains require member companies to first know all of their production locations.	Supplier information provided by member company. Financial records of previous financial year. Documented efforts by member company to update supplier information from its monitoring activities.	6	6	-2

**Comment:** Over 99% of the brand's total FOB is sourced from one production location, owned by the same holding company, where the brand has a long-term relationship for more than ten years. That apart, the positions of Chairman of the brand and Managing Director of the supplier, and Head of CSR of brand and factory are managed by the same people respectively, who are based at the supplier location. Accessories that are not within the manufacturing scope of the main supplier are sourced from one other supplier in Germany.

With this short a supply chain and brand presence at the production location, the brand is fully aware of its production locations.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
5.2 CSR and other relevant staff actively share information with each other about working conditions at production locations.	Yes	CSR, purchasing and other staff who interact with suppliers need to be able to share information in order to establish a coherent and effective strategy for improvements.	Internal information system; status CAPs, reports of meetings of purchasing/CSR; systematic way of storing information.	1	1	-1

**Comment:** Given that the brand and supplier staff are the same for CSR and management positions information is easily shared among the teams.

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## INFORMATION MANAGEMENT

Possible Points: 7

Earned Points: 7

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## 6. TRANSPARENCY

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
6.1 Degree of member company compliance with FWF Communications Policy.	Minimum communications requirements are met AND no significant problems found	FWF's communications policy exists to ensure transparency for consumers and stakeholders, and to ensure that member communications about FWF are accurate. Members will be held accountable for their own communications as well as the communications behaviour of 3rd-party retailers, resellers and customers.	FWF membership is communicated on member's website; other communications in line with FWF communications policy.	2	2	-3

Comment: The brand complies with FWF's Communication Policy. As a leader FWF member, the brand uses the FWF logo on-garment communication.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
6.2 Member company engages in advanced reporting activities	Supplier list is disclosed to the public.	Good reporting by members helps to ensure the transparency of FWF's work and shares best practices with the industry.	Member company publishes one or more of the following on their website: Brand Performance Check, Audit Reports, Supplier List.	2	2	0

Comment: The brand discloses details of its supplier location in the social report.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
6.3 Social Report is submitted to FWF and is published on member company's website	Complete and accurate report submitted to FWF AND published on member's website.	The social report is an important tool for members to transparently share their efforts with stakeholders. Member companies should not make any claims in their social report that do not correspond with FWF's communication policy.	Social report that is in line with FWF's communication policy.	2	2	-1

Comment: The brand publishes its social report and the brand performance check report on its website.

## TRANSPARENCY

Possible Points: 6

Earned Points: 6

## 7. EVALUATION

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
7.1 Systemic annual evaluation of FWF membership is conducted with involvement of top management	Yes	An annual evaluation involving top management ensures that FWF policies are integrated into the structure of the company.	Meeting minutes, verbal reporting, Powerpoints, etc.	2	2	0

**Comment:** In the new team structure, the positions of Chairman of the brand and Managing Director of the supplier, and Head of CSR of brand and factory are managed by the same people respectively. FWF membership is reviewed while budgeting and during work plan development.

**Recommendation:** FWF advises the brand to organise a meeting with concerned team members to discuss the outcomes of this performance check and use those to formulate future plans.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
7.2 Level of action/progress made on required changes from previous Brand Performance Check implemented by member company.	No requirements were included in previous Check	In each Brand Performance Check report, FWF may include requirements for changes to management practices. Progress on achieving these requirements is an important part of FWF membership and its process approach.	Member company should show documentation related to the specific requirements made in the previous Brand Performance Check.	N/A	4	-2

## EVALUATION

Possible Points: 2

**Earned Points: 2**

# RECOMMENDATIONS TO FWF



## SCORING OVERVIEW

CATEGORY	EARNED	POSSIBLE
Purchasing Practices	38	45
Monitoring and Remediation	24	27
Complaints Handling	3	9
Training and Capacity Building	3	9
Information Management	7	7
Transparency	6	6
Evaluation	2	2
Totals:	83	105

### BENCHMARKING SCORE (EARNED POINTS DIVIDED BY POSSIBLE POINTS)

79

### PERFORMANCE BENCHMARKING CATEGORY

Leader

## BRAND PERFORMANCE CHECK DETAILS

Date of Brand Performance Check:

15-11-2019

Conducted by:

Supraja Suresh

Interviews with:

Chairman – Mr. Gerhard Flatz

Director of Operations – Ms. Regina Koller

Head of Sales – Ms. Judith Eicher

CSR Handler – Mr. Karl-Martin Schull